

HONORABLE CITIZENS AND TAXPAYERS
ROBINSON TOWNSHIP, WASHINGTON COUNTY

THE 2015 BUDGET MESSAGE

I present for review, on this day, November 25, 2014, to the Honorable Board of Supervisors, the proposed plan and policy statement for financial operation and fiscal management for Robinson Township for the year 2015. The accompanying projection of revenues, expenditures, assets and liabilities with fund balances is provided to show how current economic trends, coupled with Robinson Township's financial policies, could and may influence future cash balances and tax levies. When creating financial projections, known quantities such as actual revenues, expenditures, and balances interact with a set of key assumptions to determine a possible outcome at the end of the budget process and fiscal year.

Please take into consideration there are a number of unknowns in this statement, which are projected to the best of our ability based on current economic conditions and prior years' history with the budget process of Robinson Township. It is important to point out that forecasting is a useful tool in financial plan development. Additionally, this financial projection is intended to advise policy-makers regarding the current potential financial conditions of the township. This statement does not however represent legal obligation of the township staff or the Board of Supervisors.

The 2015 spending plan addresses the following:

1. The financial requirements for the construction, maintenance, and repair of our community building;
2. The financial obligations of the township to provide zoning protection, legal services and general government services;
3. The financial requirements to provide public safety to the township residents and businesses including police protection, emergency management and fire protection services;
4. Capital projects and expenses to implement designated capital projects.

The proposed budget is based on 15 mills and indicates NO TAX INCREASE recommended for the 2015 fiscal year. Last year 15 mills were levied to provide a similar level of services.

For the 2014 budget year, the Board of Supervisors approved a general fund budget of \$576,062.02. The proposed 2015 spending plan decreases under the 2014 budget by \$1,315.96. For each mill levied, each property owner pays .01 cent per mill on each dollar of assessed valuation as determined by the Assessment Office of Washington County. Expected revenues for 2014 have been fairly consistent to projected numbers even though the prior budgets were not concisely broken down. Earned income tax is on the rise due to a full year of Act 32 Implementation. What is clear regarding the EIT is that compliance with At 32 has shown positive revenue flow in this category for the Township. Although poor economic conditions and the decline in real estate sales coupled with a high unemployment rate have been present throughout the country, it appears to be turning around as we continue to emerge from the recession, but it has been a contributing factor to revenues that are not consistent to prior years. The Real Estate Transfer Tax projections are difficult to predict because much of the prediction is based on housing market trends and the transfer of land among gas companies. It does appear Real Estate Transfer is on the rise and this trend matches what we are hearing for most municipalities through the Commonwealth of PA. Real estate tax collection has been fairly consistent, and I expect they will remain stable through year's end. Foreign Fire Tax brought a slight increase as it is calculated from fuel sales to the state formula for distribution.

One of the goals of implementing our financial plan was to eliminate the need for a tax anticipation loan. On schedule to that plan, there will be no tax anticipation note required for 2015. A normal TAN has the township securing approximately \$50,000 yearly to meet expense needs through March of the following budget year. A big congratulations are due to the Board of Supervisors and staff for holding the expenses down while maintaining a high-level of services. As a TEAM, it is our goal to not move backwards in this achievement but continue to work toward a TAN free township.

It is important to recognize for 2015 that grant dollars we have been successful in procuring for various projects will continue to be tougher to come by for 2015 and beyond as the Commonwealth of PA has reduced funding programs significantly in the adoption of the state budget. Programs additionally available for funding such as the Land Use Planning and Technical Assistance Programs, shared Municipal Services Program, DEP Environmental Programs have all been slashed by over 43 percent for 2014 and beyond. There is no indication that these funding sources will come back either, and deals a significant blow for our planning efforts and cooperation with our neighboring municipalities.

REVENUE ASSUMPTIONS

1. Assessed valuation changed from \$11,277,957 in 2014 to \$11,338,974 for 2015. This is an increase of \$61,017 and will provide approximately an additional \$1,479 to the operating fund for 2015.
2. Twelve (12) mills will be levied to finance existing public services.
3. Liquid fuels will increase 6 percent for 2015. This increase as indicated by the Commonwealth is a direct result of higher fuel consumption and new census data being applied to the statewide formula. This revenue originates from fuel sales and accordingly as consumption goes up so does this revenue source.
4. We are projecting a slight increase in Earned Income Tax for the 2015 budget year based on actual collections in 2014. This was our third year of implementation under Act 32, beyond our early implementation, conversion between tax collectors was quite a job for Keystone systemically and after a year that reflected collections being off. Delinquent Earned Income Tax collections had been lower, and they continue to decline now that Under Act 32 employers are required to withhold the EIT. Eventually, we should get next to nothing, or perhaps only those who are self-employed and do not report as required.
5. The township, at least for 2015, should receive the same amount in Act 13 money, as this projection is based upon the previous calendar year's productive natural gas wells.

EXPENDITURE ASSUMPTIONS

1. Personnel services are projected to increase 3 percent in 2015, reflecting the combined effect of pay increases and staff maintenance. Although 3 percent has been allocated, it will be the Board of Supervisors who will make the final decision on pay increases for the staff.
2. There is no projected long-term debt.
3. A capital expenditure of \$100,000 has been allocated to the expansion of the existing municipal building. Renovations such as landscaping is also planned. It is hoped that by expanding the building, we may continue to hold township meetings at our location and also to offer the facilities as a community room for events.
4. A \$2,000 donation has been allocated to the McDonald Public Library. This donation will stay the same for 2015 as was given in 2014.

5. The police contract has been increased by \$23,000. That is a 37.5% increase from 2014. The new contract will allow for police patrols in Robinson.
6. Pennsylvania American Water contacted the township and informed that they have been under charging Robinson Township for the hydrants. It will now cost \$1,960 more per year for the existing 41 hydrants in the township. This is a 24 percent increase. It is proposed to the Board to implement a small tax to residents within 1000 feet of a hydrant to pay a fixed amount per year as a hydrant tax.
7. Road projects, tar and chip, and stone have been indicated in the amount of \$10,000.
8. Updated office equipment and a new website have been budgeted for in the amount of \$8,000.
9. Due to the pending litigation, the township has been advised to budget at minimum \$80,000 for legal expenses. The Township has had to hire additional council to represent the zoning board.

The 2015 budget reflects really only one area of capital spending; building maintenance and renovation. We are happy to again schedule a paving project for 2015 but the amount of paving we will do is minimal due to the amount of paving done in 2014 and due to budget constraints. We continue to strive to provide the township residents quality services within our budget constraints. The year 2015 budget in an overall picture paints a year of financial rebuilding, as always will be closely monitored through the year to continue to build our reserves for future planning. It remains a personal goal to me to be able to forego a tax anticipation note purchase as was the case in 2014.

To reflect on the 2015 budget, as your township manager and treasurer, the coming year displays the economic constraints that have filtered down to Robinson Township via insurance increases and other items beyond township control although Robinson Township takes very seriously our role in managing financial operations successfully, the moderate rate of growth that we continue to benefit from has not and will not provide enough revenue to offset several of the massive impact items that have hit our budget over the past several years. The history of Robinson township reflects that inflation overall has not been addressed in the yearly budgets, which keeps the fund balance from growing year after year. We are correcting that as best as possible but it cannot be fixed overnight. Increases in salt, fuel, asphalt and insurance are difficult for us to absorb and appear to be a universal trend among municipalities. To that end, we as public servants must step up to the task and get it done with as little inconvenience to our tax payers as possible.

The breakdown of revenue and expenditures for 2015 General Fund is summarized as follows:

REVENUES		EXPENDITURES	
Real Estate Taxes	\$163,267.00	Government Administration	\$ 53,570.00
Act 511 Taxes	\$195,500.00	Police	\$ 85,000.00
Licenses & Permits	\$ 19,595.00	Public Works	\$135,088.00
Fines	\$ 10,210.00	Employee Benefits	\$ 25,425.00
Intergovernmental Revenues	\$117,244.06		
Total Revenue	\$505,816.06		
Fund Balance Cash	\$ 68,930.00	Unappropriated Expenditures:	\$275,663.06
Total Revenue Sources:	\$574,746.06	Total Expenditures:	\$574,746.06

Respectfully Submitted,
Erin Sakalik, Township Manager
Robinson Township